ITEM 6

Revitalizing CALFED

Information Item

California Bay-Delta Authority

November 10, 2005

CALFED Bay-Delta Program









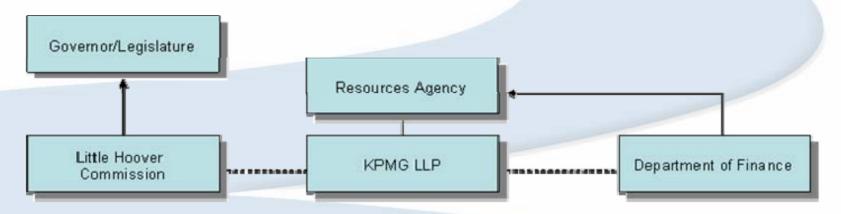
Transparency. Accountability. Performance.

Independent Review

Review Scope

- Fiscal review
 - Department of Finance
- Program review
 - Department of Finance looking back
 - Independent Consultant looking forward
- Organization and Program Management Review
 - KPMG Independent Consultant
- Governance
 - Little Hoover Commission

Independent Review Team



- Governance Review of CalFED Program
 - Vision and mission
 - Authority
 - Organizational structure
 - Procedures
 - Resources
 - Accountability

- Stakeholder priorities and expectations
 - Interviews
 - Electronic Survey
 - Facilitated Refocus Work Group
- CALFED Program implementing agencies inter-relationships and business processes
- CALFED Program performance measurement

- Office of State Audits and Evaluation Fiscal Review FY 2000/01 through FY 2003/04
 - General Funds
 - State Bond Funds (Props 12, 13, 50 and 204)
 - Federal Funds
 - State-level tracking of local funds
- Performance Review Unit Programmatic Review and Evaluation
 - Program 's implementation status re: goals, objectives, performance measures
 - In-depth review selected projects
 - Comparative review

Governance

Jim Mayer
Little Hoover Commission

Bryan Gillgrass KPMG

- Stakeholder priorities and expectations
 - Individual Interviews of 106 Key
 Stakeholders
 - Document their priorities and expectations of CALFED & CBDA
 - Understand their interactions with CALFED & CBDA
 - Identify recommendations for evolving CALFED & CBDA

- Stakeholder priorities and expectations
 - Electronic survey distributed to more than 640 members of CALFED community
 - Draft comprehensive report summarizing aggregate responses, delivered Oct. 17, 2005 (available on CBDA website)

- Review of CALFED and CBDA business processes & supporting technologies
 - Conduct business process interviews of key CBDA staff and implementing agency personnel
 - Develop "as-is" process flows
 - Develop assessment of supporting technologies
 - Present draft "as-is" report November 14, 2005
 - Provide business process & organizational considerations – Nov. 14, 2005

- Stakeholder interview & survey keys to success
 - CALFED/CBDA strategic vision for the Delta needed
 - CALFED/CBDA governance doctrine needed
 - Realistic CALFED priorities
 - Detailed CALFED communication plan
 - Implement a strong independent science program

- Stakeholder interview & survey keys to success
 - Develop methods for defining balance, measuring & evaluating outcomes
 - Incorporate adaptive management
 - Implement a common methodology for managing & reporting CALFED projects progress

Organizational and Program Management Review Next Steps

- Define future CBDA organizational constructs & implementation plan
 - Review DOF and LHC final reports
 - Document proposed CBDA core business functions
 - Facilitate development of proposed CBDA organizational design Nov. 21, 2005
 - Attain approvals of proposed CBDA organizational design December 2005

Organizational and Program Management Review Next Steps

- Define future CBDA organizational constructs & implementation plan
 - Develop new CBDA business process flows January 2006
 - Develop proposed CALFED project management approach January 2006
 - Develop proposed information technology architecture February 2006
 - Create high-level CBDA communication plan February 2006
 - Develop CDBA organization implementation plan March 2006

Discussion & Questions on Organizational & Program Management Review

Fiscal Review Team

Tom Dithridge
Department of Finance

Fiscal and Program Reviews

Department of Finance Tom Dithridge

Office of State Audits and Evaluations (OSAE)
Rick Sierra

Performance Review Unit (PRU)
Erika Sperbeck

Purpose of Fiscal Review

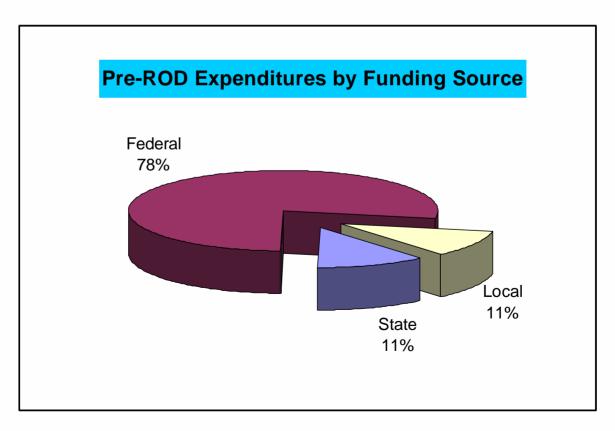
Summarize the cumulative funds expended on the CALFED Bay-Delta Program from program inception through September 30, 2004.

Pre-ROD Expenditures

Total of \$449.5 million

•\$349.2m federal

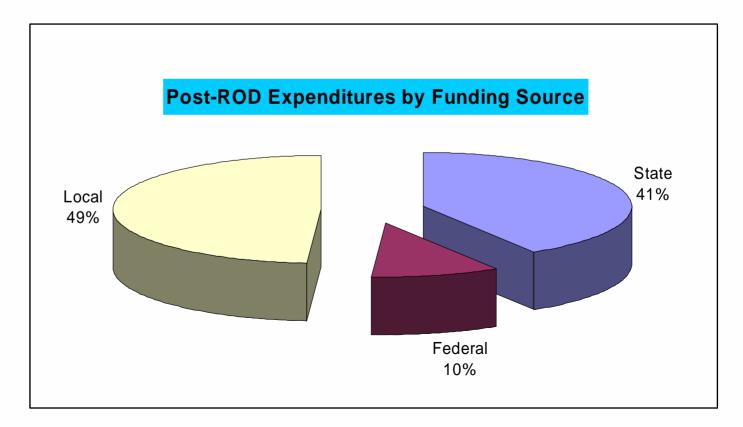
- •\$51.6m state
- •\$48.7m local



Post-ROD Expenditures

Total of \$2,516.8 million

- \$398m Prop 204
- \$275.5m Prop 13
- \$139.7m Prop 50
- \$217.5m General Fund \$9.6m other state funds
 - \$242.5m federal funds
 - \$1,234m local funds



Opportunities for Improvement

- Develop a formalized process for identifying CALFED expenditures
- Establish consistent, documented cost allocation plans
- Establish internal communication, coordination, and reconciliation procedures
- Determine if tracking of local expenditures is needed, and if so, develop formal reporting process
- Provide supporting documents to the Authority for amounts included in the annual report

PURPOSE OF PROGRAM REVIEW

Address Legislature and stakeholder concerns regarding whether CALFED is meeting its goals and objectives.

Administration's three-point plan:

- 1. Independent program and fiscal review
- 2. Refocus program priorities
- 3. Ten-year financing and action plan

METHODOLOGY

- Reviewed documents
- Interviewed program staff

LIMITATIONS

- Short timeframe
- Complex subject
- Inconsistent documents
- Largely administrative and subjective

ORGANIZATION OF THE REPORT

- Executive Summary
- Introduction and Background
- Summaries of Programs and Balance
- Program Appendices
- Glossary and Acronyms

FUNDING

TOTAL

- ROD Estimate: \$5.4 billion
- Actual Received: \$3.8 billion 71% of ROD Estimate

BY PROGRAM ELEMENT

• 18% - 171% of ROD Estimate

SOURCES

- 48% State
- 6% Federal
- 46% Users/Local Match

PERFORMANCE MEASURES

Widely discussed

Several efforts have been pursued

Much work remains

RELATIVE IMPLEMENTATION STATUS

Category	Program Element
High	Water Transfer Program Watershed Management
Medium	Storage Program Environmental Water Account Water Use Efficiency Program Drinking Water Quality Program Ecosystem Restoration Program Oversight and Coordination
Low	Conveyance Program Levee System Integrity Program Science Program

FACTORS AFFECTING IMPLEMENTATION

- Technical Complexity
- Resources
- Scientific Uncertainty
- Stakeholder Conflicts
- Administration and Management
- Problems with the ROD

IMPLEMENTATION STATUS BY PROGRAM ELEMENT

Program Element	Comments
Storage	 No significant progress on surface storage; groundwater storage on schedule. Assessment of goal is premature.
Conveyance	 Behind schedule on key ROD actions. Mixed accomplishment of objectives. Little or no progress toward goal.
Water Transfer	 Majority of ROD actions ongoing or completed (excluding several no longer applicable). Appears to have made progress toward goals.

IMPLEMENTATION STATUS BY PROGRAM ELEMENT (Continued)

Program Element	Comments
Environmental Water Account	 Ongoing fulfillment of ROD actions. Uncertain if regulatory funding commitment has been met. Goal partly met, partly uncertain.
Water Use Efficiency	 Mixed accomplishment of ROD actions. Progress being made on majority of objectives. Assessment of goal is premature.
Drinking Water Quality	 Mixed accomplishment of ROD actions. Appears to be working well toward goal.
Levee System Integrity	 No significant progress on ROD actions; several may no longer be applicable. Unclear if making meaningful progress toward goal.

IMPLEMENTATION STATUS BY PROGRAM ELEMENT (Continued)

Program Element	Comments
Ecosystem Restoration	 Mixed accomplishment of ROD actions and regulatory milestones. Regulatory funding commitment was met on cumulative basis though not met for each year. Appears to be making progress toward goals.
Watershed Management	 Has met commitments in ROD and Program Plan. Appears to be meeting goal.
Science	 Limited progress on key ROD actions. Unclear if making meaningful progress toward goal.
Oversight and Coordination	Activities mostly consistent with requirements, but effectiveness mixed.

PROGRAM BALANCE

Statutory Definition

Implementation must:

- Be consistent with implementation schedule and milestones in the ROD.
- Result in concurrent and corresponding improvement in all program elements.

OTHER ISSUES

- Communication
- Performance Measures
- Interagency Coordination
- Priorities
- Program Records
- Program Assessment

CALFED Bay-Delta Program









Transparency. Accountability. Performance.

Refocusing & Program Priorities

Develop a 10-Year Action Plan

Approach - Remain consistent with the ROD

- Keep the CALFED Mission
- Keep the original objectives:
 - Water quality Ecosystem restoration
 - Levee integrity Water supply reliability
- Keep the Solution Principles
- Results in a balanced CALFED Program

Key Recommended Decisions

- Statewide focus shift for some program elements
- Identify short-term priorities and funding
 - Stretch funding through 2008 during which time key decisions are made
- Implement DIP (specific listed projects)
- New Delta vision process
- HCP & NCCP

10 Year Action Plan – Contents

- Refocused CALFED Program
- New Delta vision process
- New planning agreement and HCP/NCCP process
- Specific near-term priorities & funding plan
- Future actions & funding ranges
- Agency commitment to schedules for future activities

Refocused CALFED Program

Delta Focus

- ERP
- EWA
- Surface Storage
- Water Conservation
- Water Quality ELPH, Franks Tract, SJ River salinity reduction
- Conveyance SDIP, Intertie, S. Delta Fish Protection studies, DCC/Thru-Delta studies
- Levees Delta Levees, Suisun Marsh, DRMS
- Science BDA Science, IEP
- Interagency Coordination and Planning

Integrated Regional Water Management Focus

- Recycling
- Desalination
- Groundwater Storage
- Conveyance North Delta Ecosystem and Flood Control Project; Lower SJ River Flood Control Project
- Water Quality new treatment technology
- Transfers
- Watershed

New Delta Vision Process

Develop a new comprehensive vision for the Delta that includes water, agriculture, environment, transportation, infrastructure, flood control & land-use decisions

- Governor (?) appoints exec. director
- All related activities currently underway coordinated through a coordinating committee
- Framework completed by <u>December 2006</u>

HCP & NCCP Likely Direction

- Delta, Sacramento and San Joaquin watersheds
- Aquatic species and riparian species affected by water management
- Interim projects could move forward through normal permitting process
- Covered activities could include water project operations and related water management activities
- Other water related activities could potentially be added in HCP later
- Guided by science
- Would allow adaptive management

HCP & NCCP Process

- Participation is a voluntary method of complying with CESA & FESA
- Planning agreement by next spring
- Final HCP/NCCP prepared in 2-5 years
- HCP/NCCP prepared in coordination with Delta vision and with end-of-Stage 1 decision

Specific Near-Term Priorities & Funding Plan

Priorities:

- ERP & EWA meet Stage 1 regulatory commitments
- Complete <u>surface storage</u> investigations
- Develop expanded <u>conservation</u> program
- Water Quality complete ELPH planning, fund SJ River Salinity reduction, complete Franks Track pilot
- Conveyance Complete studies and pilots to inform Thru-Delta decision; progress on 8500
- Levees continue levee maintenance, complete DRMS
- <u>Science</u> POD studies and ongoing science & IEP activities
- Complete <u>Delta vision</u> participate in vision process

Specific Near-Term Priorities & Funding Plan Years 6-8 (2005-06 thru 2007-08)

Funding target

\$1.3 billion (all funding sources)

Available funding

Approximately \$900 million

Proposed additional funding

\$350 million (all funding sources)

Future Actions & Funding Ranges – Next 7 years

- Many studies completed and decisions expected at end of Stage 1 (Year 8)
 - Delta risk assessment
 - Thru-Delta studies
 - POD studies
 - Delta vision
 - Surface storage investigations
- Increased uncertainty starting in Year 9
- Wide range of funding scenarios depending on selected actions

Agency Commitment to Schedules for Future Activities

- Key actions under refocused CALFED identified by implementing agencies
- Implementing agencies develop realistic schedules and commit to them
- Actions and schedules are revised annually as new information is available
- Program performance is evaluated based on schedules set by implementing agencies

10 Year Action Plan - Schedule

- Nov. 9 & 10 (BDPAC & Authority Meeting) –
 Provide input & guidance
- Mid November Draft Action Plan for Agency review & approval
- December (BDPAC & Authority Meeting) –
 Recommend & approve Action Plan
- January 10 Final Action Plan available for distribution